

KY COURSE 40: PROPERTY TAX ASSESSMENT ADMINISTRATION
First Day Reading Assignment
Rev. Dec. 2007

CHAPTER ONE

INTRODUCTION

A. Introduction and Objectives

The property valuation administrator's task is that of collecting, recording, and analyzing, on a mass production basis, the essential data necessary to estimate a fair and equalized value of each parcel of property in the county. The assessment of property, even though it is a technical task and covers wide areas of knowledge, is not an exact science. The factors that affect property and its fair market value are many and complex. The property valuation administrator can develop techniques to consistently and accurately determine the value of individual parcels of property; but must always remember that no two parcels of real property are identical and each must be considered individually in all its aspects.

A key factor that greatly aids the property valuation administrator in achieving fair and equitable assessments is efficient office administration. When efforts are made to ensure that information regarding all assessment records is kept up to date, an accurate assessment will be the result. From the property valuation administrator's point of view, it is a well known fact that the key to good property tax administration is assessment administration that treats all taxpayers fairly and without discrimination.

The objectives of Course 40, Property Tax Assessment Administration, are primarily to provide an overall review of the operation of the office of property valuation administrator. Even though each property valuation administrator's office functions may vary widely, dependent upon many variables, (such as population of county, number of parcels, geographic location, type of terrain, type of industry, etc.) the responsibility of the office remains the same. That responsibility is to assess all property at its fair market value and to operate the office of property valuation administrator in an effective manner which enhances the performance of that function.

During the span of this course you will be made aware of the requirements of the property tax calendar and the reasoning behind the due dates it imposes. Additionally, the forms, records and reports that must be completed and maintained by each property valuation administrator's office will be reviewed. Assessment/sales ratio, coefficient of dispersion and level of assessment computations will be performed, and the meanings behind the numbers will be explained. Additionally, the setting of tax rates and the generation of tax bills, which are direct offshoots of a property's assessed value, are examined. Finally, the role a good public relations program has on a property valuation administrator's office will be reviewed. Upon completion of this course the property valuation administrator or deputy should not only better understand the operation of the office; but, also learn how the efficient running of the office will lead to equitable assessments.

CHAPTER TWO

THE KENTUCKY PROPERTY TAX CALENDAR

A. Introduction

The Kentucky Property Tax Calendar provides a general outline of the major statutory dates for various parts of the tax period. These dates have been established by the Legislature in an attempt to provide for continuity throughout the period across the state, as well as to provide for the equitable and timely levy and collection of ad valorem taxes. The property valuation administrator should arrange all activities to follow this schedule.

B. Overview of the Tax Calendar

The assessment date of both real property and personal property is January 1. However, while the listing period for real property is January 1 through March 1, both tangible personal property may be listed between January 1 and May 15. To facilitate this listing, the tangible property tax returns are mailed directly to businesses and individuals across the state. Additional forms are provided to each property valuation administrator's office, a supply is kept in Frankfort and they are available on the Department of Revenue website: www.revenue.ky.gov.

The property valuation administrator's recapitulation of the property tax roll (recap) is due on the first Monday in April. Only real estate assessment totals are required to be turned in at this time. After Department personnel have performed various calculations and reviews, the recap will

either be accepted or rejected. If accepted, the next phase of the property tax calendar may begin. If the recap is rejected, then the property valuation administrator will receive specific instructions regarding what should be done next.

The inspection period is scheduled to begin on the first Monday in May and continue for thirteen days. The tax roll must be open for six days per week, one of which shall be Saturday, but the last day of the inspection period cannot be a Saturday, Sunday or legal holiday.

The final recapitulation of the property tax roll is due within six working days after the end of the tax roll inspection period. After it has been submitted, the tangible assessments that have been compiled by the centralized assessment system will be added to each county's assessment total by the Department.

The local board of assessment appeals convenes no earlier than twenty-five days and not later than thirty-five days following the conclusion of the tax roll inspection period. The board will continue to meet for no more than five days unless an extension has been granted by the Department.

Once the final recap has been submitted and certified by the Department, the property tax calendar continues with the tax bills delivered to the Sheriff by September 15.

A diagram of the tax calendar is shown on the following page.

KENTUCKY PROPERTY TAX CALENDAR

	REAL ESTATE	PERSONAL PROPERTY
Assessment Date	January 1	January 1
Listing Period	January 1 - March 1	January 1 - May 15
First Recap to Department of Revenue	First Monday in April	
Public Inspection of Tax Roll/PVA Conferences	13 Days Beginning First Monday in May (6 days per week, including Saturday)	
Final Recap to Department of Revenue	No Later Than 6 Work Days After the Close of Inspection	
Department of Revenue Certification	Upon Completion of Action by Department	Upon Completion of Action by Department
Board of Assessment Appeals	5 Days Beginning 25 to 35 Days After Inspection	
Delivery of Assessment/Sales Ratio Study to PVA	Sept. 1 or Within 30 Days After Final Recap	
Tax Bills Delivered to Sheriff	By September 15	By September 15
Pay With Discount	By November 1	By November 1
Pay Without Discount	November 2 - December 31	November 2 - December 31
Tax Bills Delinquent	January 1	January 1
Pay With 5 Percent Penalty	January 1 - January 31	January 1 - January 31
Pay With 10 Percent Penalty and 10 Percent Sheriff's Add-on Fee	After January 31	After January 31
Tax Claim Sale	April 30	
Sheriff's Settlement	September 1	

C. Listing Period

The listing procedure for real property is detailed in Kentucky Revised Statute (KRS) 132.220. The listing period for real property is January 1 through March 1; however, a taxpayer does not have to list his real property if it was described completely and correctly on the previous year's tax roll and there are no changes to report for the current year. Additionally, when property is purchased in the preceding year, the value stated in the deed may be considered the listed value of the property for the following January 1 assessment date if no changes have been made to the property that could affect its value.

All taxable personal property must continue to be listed with the property valuation administrator or Department of Revenue between January 1 and May 15 of each year. Any personal property that has not been listed by May 15 shall be considered omitted.

As stated previously, forms used by taxpayers to list their tangible personal property will be mailed directly to the taxpayers. A supply will also be sent to all property valuation administrators' offices.

D. Notification of Taxpayers

Property owners should always be alerted to the fact that the property valuation administrator is continuously in the process of updating values. The property valuation administrator must contact owners to verify rental, sales, building costs, and other appraisal data. At that time, the

property valuation administrator should discuss fully with the owner the basis of assessment.

KRS 132.450(4) requires that if a property valuation administrator assesses any property at a higher value than what was listed by the taxpayer, or if unlisted property is assessed, a notice must be given to the taxpayer. However, notices are not required on motor vehicles listed according to a standard manual prescribed by the Department.

In a court case in which the taxpayer had listed his property but the property valuation administrator had failed to provide notice, even though the fact that a county-wide revaluation was being conducted had been advertised, the Circuit Court declared the increase void. In its decision, the Court cited a decision of the Supreme Court, which said:

“When the taxpayer fixes a valuation upon his property under oath, and returns his list to the assessor, he has the legal right to presume that his valuation is satisfactory to the assessor, unless he receives notice to the contrary.”

As a result, notices are specifically required, but simple failure to give the notices does not void the total assessment, merely the amount of the increase. Notices of increase shall be given by first class mail or as provided in the Kentucky Rules of Civil Procedures. “Notice to Property Owner of Assessment by Property Valuation Administrator”, Revenue Form 62A352, is provided for this purpose.

It is strongly urged that owners be informed annually of the assessed value of their property. This information should be given whether or not the assessment has been changed. The most efficient procedure is to notify every property owner by mail. A simple post card is all that is

necessary. Notification by mail is more economical than providing large staffs to assist the public in inspection of the assessment roll.

E. Conference With Taxpayer

Property owners who want to appeal their assessment must first have a conference with the property valuation administrator or a designated deputy. Although the number of taxpayers requesting a conference will vary from county to county, each property valuation administrator's office should be prepared for conferences to be scheduled beginning immediately after assessment notices are mailed out.

During the conference with the property owner, the property valuation administrator or designated deputy is required to explain the constitutional and statutory provisions governing property tax administration, the appeals process and the procedures followed in deriving the taxpayer's assessment. A record of the conference shall be maintained and it shall include the initial assessed value, the value claimed by the taxpayer, an explanation of any changes offered or agreed to by each party and a brief accounting of the conference's outcome. A standard form has been developed to document each conference held with a property owner. Three copies should be made of the form, with one copy remaining in the property valuation administrator's office and the second copy going to the property owner. The third copy of the record form should be cut along the dotted line and only the top portion given to the county clerk. The bottom portion which contains the notes made during the conference should not be given to the clerk's office so that the local board of tax appeals will not have access to them. A copy of the

conference record form is shown on the following page.

KRS 133.120 requires that any person who is receiving compensation to represent a property owner at a conference must be an attorney, certified public accountant, certified real estate broker, a Kentucky licensed real estate broker, an employee of the property owner, or any other individual possessing a professional appraisal designation recognized by the Department of Revenue. Any representative must present written authorization from the property owner which sets forth his professional capacity and it shall disclose to the property valuation administrator any personal or private interests he may have in the matter, including any contingency fee arrangements. However, attorneys are not required to disclose any contingency fee arrangements.

Date _____

PROPERTY OWNER CONFERENCE RECORD

Account Number _____

Parcel ID _____

Property Location _____

Property Owner

Authorized Representative

Name _____

Name _____

Address _____

Address _____

Telephone Number _____

Telephone Number _____

Taxpayer's Value _____

PVA Assessment _____

Property Owner or Authorized Representative

Property Valuation Administrator or Authorized Deputy

Property Class _____

Taxpayer's Position _____

Conference Outcome _____

Adjusted Assessment

Land _____

Improvements _____

Total _____

Copy Distribution

ONE COPY—PVA
ONE COPY—Taxpayer
ONE COPY—County Clerk



F. Preparation of the Tax Roll and PVA Recapitulation

After March 1, it is necessary for the property valuation administrator to bring the listing and assessing period for real estate to a close. This must be done to allow ample time for the tax roll and the property valuation administrator's recapitulation of the tax roll to be completed by the first Monday in April.

All property valuation administrator offices utilize some sort of computer system to maintain their county's tax roll. Any method of computerization is acceptable as long as all necessary assessment information is shown on the tax roll.

Regardless of the method used to maintain the tax roll, the roll must be completed before the first Monday in April, unless an extension has been approved by the Department. After the real property tax roll has been compiled, the recapitulation of all real property assessed on the tax roll must be filed with the Department on "Property Valuation Administrator's Recapitulation of Property Tax Roll", Revenue Form 62A304 or a computerized version of this form.

Upon receipt, Department personnel will compute the preliminary levels of assessment in each category of real property to determine if the assessment values appear to meet the statutory requirement levels. The coefficient of dispersion in each property class and the latest performance audit of the property valuation administrator's work are also checked. If these factors are judged acceptable, then the Department will issue an approval letter and the property valuation administrator can begin preparing for the final recap. If the recap must be rejected or if additional information is needed, specific instructions will be given to the property valuation

administrator addressing each individual situation.

G. Inspection Period

Beginning on the first Monday in May each year and for thirteen days following, the law requires the property tax roll to be open for public inspection. In case of necessity, a reasonable extension of time or a different time than that provided by the statutes may be granted by the Department upon written request. Should the property valuation administrator be advised by the Department that the assessment totals submitted on the first recap do not meet the legal requirement of fair cash value, the inspection period will more than likely have to be scheduled for a later date.

It is the duty of the property valuation administrator to publish a notice of the inspection period in the newspaper having the largest bona fide circulation in the county. The notice shall be a display type advertisement and include the following information:

- 1) The fact that the real property tax roll is open for public inspection;
- 2) The dates of the inspection period;
- 3) The times available for public review of the real property tax roll; and
- 4) Instructions which provide details on the manner in which a taxpayer may file an appeal if they disagree with an assessment made by the property valuation administrator. These instructions need to include the fact that the property owner must have a conference with the property valuation administrator or a designated deputy before an appeal can be filed.

The fiscal court is required to supply the funds to cover the cost of this advertisement.

A notice of the inspection period shall also be posted on the courthouse door at least seven days before the inspection period is to begin. Should the Department authorize a change in the time for holding the inspection period, the property valuation administrator must follow the above requirement for publishing the notice of change in dates. Failure to publish or post notices when the inspection period is at the regular time will not invalidate any assessment recorded on the tax roll prior to the inspection period.

H. Final Recapitulation of the Property Tax Roll

Upon completion of the tax roll inspection period, the county clerk has three working days to provide the property valuation administrator with a copy of each appeal petition and a summary of all appeals filed. The property valuation administrator then has three working days from the receipt of the appeals summary to prepare and submit a final recapitulation of the property tax roll to the Department. The assessments of all properties under appeal must be listed for recapitulation and certification purposes at the value claimed by the taxpayer. Any other assessment changes that have been made since the first recapitulation was submitted must also be reflected on the final recapitulation.

The “Property Valuation Administrator’s Summary of Property Tax Roll Changes” (Since Recapitulation), Revenue Form 62A305, will continue to be the form to use to show all of the changes made since the first recapitulation was submitted. The accurate completion of this form will be described in detail in Chapter 3.

I. Board of Assessment Appeals

The following narrative details the statutory provisions governing the appeals process at the local level.

Any property owner desiring to appeal his or her assessment is required to file an appeal with the county clerk's office. However, as noted in an earlier section, that property owner must first have a conference with the property valuation administrator or a designated deputy.

An appeal may be filed at any time before the inspection period and no later than one workday following the conclusion of the inspection period as long as the property owner provides documentation that a conference with the property valuation administrator's office was conducted.

The local board is scheduled to meet no earlier than twenty-five and not later than thirty-five days following the conclusion of the tax roll inspection period. This additional time is designed to give both the property valuation administrators and the taxpayers sufficient time to prepare for the appeal hearing.

Property owners filing an appeal are required to provide factual evidence to support their appeal. This information shall include the physical characteristics of the land and improvements, insurance policies, the cost of construction and real estate sales listings. If this type of documentation is not furnished by the property owner, the assessment appeal shall be denied by

the local board.

The local board shall only hear and consider evidence which has been submitted to it in the presence of both the property valuation administrator or a designated deputy and the property owner or an authorized representative.

An authorized representative of the property owner who appears before the local board at an appeal hearing must be an attorney, certified public accountant, a certified real estate appraiser, a Kentucky licensed real estate broker, an employee of the taxpayer or any other individual possessing a professional designation recognized by the Department of Revenue. The representative shall present written authorization from the property owner which sets forth his professional capacity and it shall disclose to the local board members any personal or private interests he may have in the matter, including any contingency fee arrangements. However, attorneys are not required to disclose the terms and conditions of any contingency fee arrangement.

The local board must provide a written explanation for any assessment that is decreased or increased. The Department furnishes standardized forms to each local board for this purpose.

If a property owner fails to file an appeal with the local board or fails to appear before the local board after filing an appeal, then that property owner is not eligible to continue the appeal with the Kentucky Board of Tax Appeals.

The judge/executive appoints one member of the local board of assessment appeals, the fiscal court appoints one member and the mayor of the city with the largest assessment using the county tax roll appoints one member. The mayoral appointee will be selected in accordance with the comprehensive plan of an urban county government in counties that have adopted this form of government. Additionally, if no city in the county uses the county assessment, the judge/executive will appoint two members of the board.

Each board member must have extensive knowledge of real estate values, preferably through involvement in real estate appraisals, sales, management, financing or construction. The mayors of first, second or third class cities must appoint a certified real estate appraiser unless sufficient proof is submitted to the Department that a person with such a designation cannot be secured. However, the appointing authorities may appoint qualified property owners residing in adjacent counties when qualified members cannot be secured within the county.

The Department can request evidence of any board member's qualification. If it is determined that any appointee fails to meet the qualifications shown above they shall be removed from the board. The appointing authority of any appointee removed in this manner shall appoint a successor to fill the unexpired term of the member replaced.

After an initial phase-in period which staggered the terms of the local board members, all appointments are now for three years. A board member who serves a full term will not be eligible for reappointment for a period of three years. Each board member will be paid \$100 per day with one half of the money coming from the state treasury and one half from the county

general fund. The property valuation administrator or a designated deputy will present an orientation and training program to the board members each year. The materials that will be used for this training session are furnished by the Department.

The first meeting day of the board must be devoted to the training program conducted by the property valuation administrator's office, a review of the assessments of property owned by the property valuation administrator and his staff and a review of the appeals filed. If no appeals were filed, the board is to adjourn after one day. The board shall meet for no more than five days unless an extension is requested by the judge/executive and authorized by the Department.

Taxpayers have the right to make audio recordings of the local board of assessment appeal hearing. The property valuation administrator can make an audio recording only if prior written notice is given to the taxpayer.

J. Certification of the Tax Roll

After the final recapitulation of the real property tax roll has been submitted, Department personnel in the Personal Property Section must coordinate the completion of the tangible property tax rolls. Once these assessment totals have been generated and reviewed, the Department will certify the entire tax roll to the County Judge/Executive, County Clerk, Sheriff and Property Valuation Administrator. This certification will also include the amount of state tax revenue the assessments will produce.

It is important to remember that the certification will use the assessment totals that include the taxpayer's claim of value for property under appeal to the local board of assessment appeals. In most counties, the local board will adjourn well before the time tax bills must be printed. Therefore, in cases where the local board sets an assessment at a level higher than what was claimed by the taxpayer, the certified tax roll can be adjusted so the tax bills for those taxpayers will be accurate. A listing of these type of changes must be compiled and a field representative from the Department will review the list so that the total state property taxes that were certified can be reconciled with the state tax amounts that are charged to the sheriff for collection.

If tax bills are prepared before the local board adjourns, then supplemental tax bills must be prepared for taxpayers that have an assessment set higher than the amount they claimed in their appeal petition. The property valuation administrator's role in this process is to certify to the clerk the difference in the assessment that was used to prepare the original tax bill and the assessment that was set by the local board. The county clerk is then responsible for preparing the supplemental bill.

